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SOURCE Newspapers as indicated.

GIVES EXAMPLES OF OPPORTUNISM AND CORRUPTION

OPPORTUNISM RAMPANT -- Hong Kong Shih-pao, 30 Jul 50

Communist officials of hsien and provincial grade are planning to come to Hong Kong to pursue an opportunist political livelihood by playing up to both the KMT and the CCP. Local officials, on the one hand, are using the period of summer grain-levy to conspire with granary chiefs to falsify weights and, on the other hand, are placing soldiers on the river banks to halt boats and extort grain on the pretext of levy.

For example, Tan Yung-p'ei, a section chief in the Kwangtung provincial government, who cleaned up a lot of money as an official in Canton in 1948 and 1949, last year after "liberation" enthusiastically went over to the Communists and was given a good position. Now that storms are brewing on the international horizon, he fears he may be liquidated in a future overturn and has commissioned his younger sister to come to Hong Kong and prepare a door of escape. Meanwhile, he is an opportunist leaning both ways.

Others are resigning their posts and seeking to renew contacts with fellow townsmen who steadfastly refused to bow to the new regime and had to flee to Hong Kong. Thus, they are leaning in both directions. [Lists of names of local, hsien and provincial officials are given by the newspaper to substantiate this charge.]

COLLUSION IN A TAX OFFICE -- Hong Kong Shih-pao, 30 Jul 50

Two tax officials were recently arrested in Canton and sent up for trial. The story is as follows:

On 4 April this year, while Chang Min-chao and Li Yun-feng were investigating the excise taxes of the Hsin-sheng Enamelware Factory, they found evidence of defalcation in the account books which were brought to the revenue office for examination. By the regulations, the fine should have been more than 100 million yuan. Chang and Li talked it over with factory representatives, with the result that bribes were offered and accepted, the revenue stamps replaced, and the matter closed. The factory paid out 5,100 Hong Kong dollars, of which 1,750 went to Chang 1,650 to Li, and the remaining 1,700 to one Yuan, a factory shipping clerk. The matter came to light on 12 July. Tax officials made investigations which resulted in the arrest of Chang and Li.

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CONFESSES EMBEZZLEMENT ON A LARGE SCALE -- Hong Kong Shih-pao, 30 Jul 50

Just as the Communists are actively engaged in "reform," a notable case of corruption has come to light in Shanghai, which they themselves admit is the biggest since "liberation." The amount involved is 120 million yuan. The chief offender is Hsu T'ing-hsi, 38, from Chung-shan in Kwangtung; who came as Communist Party "new blood" to serve as storekeeper in the Shanghai shipyards under the Shipping Board. After the affair came to light, he was called to take part in an "anti-embezzlement assembly" in the Shipping Board's headquarters. He frankly confessed five offenses:

1. In April and May he was in league with T'ang Fu-ch'eng, manager of the Hua-t'ai Metal Company, to steal three times from the T'ien-wai warehouse. Now the stolen property has all been returned.
2. In April of this year, he conspired with custodians Lu Tsan-neng and Wang Fu-ken to steal five rolls of steel wire, about 1,000 catties, which were sold for 3,300,000 yuan. This sum was equally divided among the three men.
3. Two bundles of white rope.
4. Four electric clocks.
5. Old iron pipes, and three bicycles.

The value of all the above is 120 million yuan of which the aforesaid ring-leader got 46 million. Then he said: "I embezzled this money, as you all know. My income barely maintains me with great difficulty. But I myself did not use these funds. The whole amount I loaned to a fellow townsman, who went to Hong Kong and never returned." Finally, the deputy director of the Shipping Board, Hsiung Chen-chu said: "His embezzlement was due to his life having been corrupted by the old ways of thinking and solidified in the old concept of rising to be an official and getting rich." This remark closed the embezzlement confession assembly.

TRADE BUREAU OFFICERS GUILTY OF MALFEASANCE -- Shanghai Hsin-wen Jih-pao, 12 Jul 50

In April, the Nanking Trade Bureau uncovered a big case of fraud in the P'u-k'ou Railway Station's handling of freight. Chu Hsi-hua and Wang Pao-nien, officials of the bureau, and several dishonest merchants with whom they connived have been arrested and are awaiting trial. The loss due to defalcation amounts more than 10,000 piculs of rice in value. The two officials formerly served with the Kuomintang regime.

The methods they used are as follows"

1. Overcharging on Freight.

This was done by charging higher rates in collusion with transport companies on large quantities of grain and cotton over several months. When a large consignment of grain from Manchuria came in, they contracted with private companies for its shipment rather than with the government-owned China Merchants Steamship Navigation Company, at 40,000 more yuan per ton, which the government lost. On the total shipment of 5,650 tons, they cleared 226 million yuan.

2. False Reports of Tonnage

In February, six 40-ton cars each carried only 30 tons of a consignment of grain from the Northeast, but a note was made on the reporting instructions that a 40-ton car was to be charged at 40 tons, no matter how much it actually carried. In this way, 28,674,700 yuan were gained. After giving 2.5 million yuan and an ounce of gold to others in the pool, they took the rest.

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3. Falsifying Prices, Reports, and Requisitions.

In collusion with purveyors of materials, such as tarpaulins, bags, railroad ties, etc., prices were marked up and the government overcharged. On hags alone, some 10 million yuan were taken.

In these and various other ways they used the powers of their position for personal gain. Every device of cajolery, entertaining, etc., was employed to hoodwink or disarm party members. At the very time they were cheating the people's government, they were singing reactionary ditties and saying, "The Kuomintang will soon be back; why serve the Communists any longer? Don't be catspaws for them." Furthermore, they gave wide circulation to reactionary radio rumors.

FALSIFYING ACCOUNTS TO CHEAT TAX-OFFICE -- Shanghai Hsin-wen- Jih-pao, 12 Jul 50

On 6 May, a report was received by the Shanghai Tax Office that certain mercantile accounts were being doctored to evade taxation. On investigation, it was found that the T'ai-shan Firm of public accountants was in collusion with two companies to falsify ledgers. The two companies are the Ta-fu Sugar Dealers and the Mou-ch'ang Surgical Instrument Factory. The managers were called in for questioning. The Ta-fu manager admitted engaging the accountant firm to falsify accounts; the other manager admitted asking the firm to audit and correct, but denied any commission to falsify.

Five counts were found against the Ta-fu Company which put forward various infantile excuses for not making complete tax returns. Over a period of some 9 months beginning June 1949, some 200 million yuan escaped observation or was neglected and thus unreported. The result was that only about one seventh of the sum due was actually paid in.

The account books of the Mou-ch'ang Company were in a chaotic state, due to the manager having sole charge of the finances, and his omission from the record of various items including bank deposits, sales intake, etc. Three items of the latter type, during January and February, amounted to nearly 2 million yuan.

AUDITORS' ASSOCIATION TAKES ACTION ON MEMBER'S MALFEASANCE -- Shanghai Hsin-wen Jih-pao, 12 Jul 50

The Shanghai Auditors' Association has made its decision regarding the T'ai-shan Firm affair, pointing out the cause of Ko Chia-chen's mistaken ideas and expelling him from membership. It stated that Ko failed to (1) build a work attitude of responsibility to the people; (2) appreciate an auditor's professional viewpoint; and (3) develop efficient habits of work. It also passed three resolutions aimed at maintaining a high standard of professional ethics.

POLICE OFFICIAL TO BE PUNISHED FOR CORRUPTION -- Shanghai Hsin-wen Jih-pao, 14 Jul 50

Yao Pe-chun, a revolutionary of 10 years' standing, now head of the Larceny Section of the Police Central Station, is himself guilty of corruption and has been apprehended. Using his position, he connived with others to extract "squeeze." The court felt that his fall from virtue after 10 years of service and attaining a good position demanded severe punishment.

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